

THE HONORABLE JOHN C. COUGHENOUR

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

STANDARD INSURANCE COMPANY,

Plaintiff,

v.

PAULA ASUNCION, *et al.*,

Defendants.

CASE NO. C14-0134-JCC

DEFAULT JUDGMENT AND
ORDER OF DISBURSEMENT

This matter comes before the Court on the motions for default judgment of Defendants Donna Marie Whitaker, Thomas Henderson, Martin Lee Henderson Oroshiba, and Calvin John Henderson. (Dkt. No. 32, 34, 35.) Having thoroughly considered the parties' briefing and the relevant record, the Court hereby GRANTS the motions for the reasons explained herein.

I. BACKGROUND

This is an interpleader action involving a dispute over the proceeds of a life insurance policy administered by plaintiff-in-interpleader Standard Insurance Company ("Standard"). Standard issued a Group Life Insurance Policy to the Washington State Counsel of LEOFF II Personnel Insurance Trust as policyowner, bearing Policy No. 606308-I, with an effective date of January 1, 1999. (Dkt. No. 1, Ex. A.) Joseph Henderson had coverage in the amount of \$20,000 under this life insurance policy. He originally named as the policy's beneficiary Ms. Paula Asuncion, his wife at the time. In 2008, Mr. Henderson and Ms. Asuncion divorced, but Mr.

1 Henderson never changed the beneficiary designation for the life insurance policy. Mr.
2 Henderson died in 2013. Following his death, Ms. Asuncion and Mr. Henderson's surviving
3 siblings disputed their respective entitlements to the proceeds. Ms. Asuncion asserted that the life
4 insurance policy was an ERISA-governed policy and that under the United States Supreme
5 Court's decision in *Egelhoff v. Egelhoff*, 532 U.S. 141 (2001), she is entitled to the policy since
6 she is the listed beneficiary. Defendants Donna Marie Whitaker, Thomas Henderson, Martin Lee
7 Henderson Oroshiba, and Calvin John Henderson are Mr. Henderson's surviving siblings. They
8 claim that the policy is not an ERISA-governed policy, and thus, that Wash. Rev. Code §
9 11.07.010 automatically revoked the designation in favor of Ms. Asuncion when she and Mr.
10 Henderson divorced. Accordingly, they argue, the Plan documents provide that they are entitled
11 to the funds in absence of any listed beneficiary.

12 Standard filed this action after receiving the competing claims on the policy from
13 defendants-in-interpleader. In its June 18, 2014 Order, this Court dismissed Standard from this
14 action and discharged it from further liability. (*See* Dkt. No. 21.) In that same Order, the Court
15 found Defendant Paula Asuncion to be in default, and directed the non-appearing sibling-
16 defendants to appear, file any claims to the insurance proceeds, and file motions for default
17 judgment. (Dkt. No. 27.) Defendants Donna Marie Whitaker, Thomas Henderson, Martin Lee
18 Henderson Oroshiba, and Calvin John Henderson have each appeared and asserted their
19 entitlement to the insurance proceeds in equal portions. Each of the sibling-defendants asks the
20 Court to enter default judgment against Defendant Paula Asuncion and award them one-quarter
21 of the remaining insurance funds. (Dkt. Nos. 32, 34, 35.)

22 **II. DISCUSSION**

23 "A named interpleader defendant who fails to answer the interpleader complaint and
24 assert a claim to the res forfeits any claim of entitlement that might have been asserted" if service
25 was properly effected upon them. *Sun Life Assur. Co. of Canada, (U.S.) v. Conroy*, 431
26 F.Supp.2d 220, 226 (D.R.I. 2006). The Court may accordingly, in its discretion, grant default

1 judgment against the non-appearing interpleader defendants where the only remaining claimants
2 demonstrate their entitlement to the funds and do not dispute the respective distributions. *See*
3 *Cripps v. Life Ins. Co. of N. Am.*, 980 F.2d 1261, 1267 (9th Cir. 1992) (appearing claimants must
4 demonstrate entitlement to benefits); *Nationwide Mutual Fire Ins. Co. v. Eason*, 736 F.2d 130,
5 133 n. 6 (4th Cir.1984) (“Clearly, if all but one named interpleader defendant defaulted, the
6 remaining defendant would be entitled to the fund.”). In exercising this discretion, the Court
7 considers a range of factors, including “(1) the possibility of prejudice to the plaintiff, (2) the
8 merits of plaintiff’s substantive claim, (3) the sufficiency of the complaint, (4) the sum of money
9 at stake in the action, (5) the possibility of a dispute concerning material facts, (6) whether the
10 default was due to excusable neglect, and (7) the strong policy underlying the Federal Rules of
11 Civil Procedure favoring decisions on the merits.” *Eitel v. McCool*, 782 F.2d 1470, 1471–72 (9th
12 Cir. 1986).

13 Default judgment is appropriate in this case. First, the sibling defendants and Standard
14 Insurance would suffer prejudice if the Court does not fully and finally resolve the dispute
15 regarding entitlement to the insurance proceeds at issue. Indeed, this is the very reason that
16 Standard brought this action and the Court granted its motion for a discharge from liability.
17 Without the entry of default judgment as to the sibling defendants’ entitlement to the proceeds,
18 their claims could not otherwise be resolved, judgment would not be entered to fully release
19 Standard from liability, and the insurance proceeds would merely sit in the Court’s registry. *Cf.*
20 *Aetna Life Ins. Co. v. Bayona*, 223 F.3d 1030, 1034 (9th Cir. 2000) (“Interpleader’s primary
21 purpose is not to compensate, but rather to protect stakeholders from multiple liability as well as
22 from the expense of multiple litigation.”); *W. Conference of Teamsters Pension Plan v. Jennings*,
23 No. C10–3629, 2011 WL 2609858, at *3 (N.D. Cal. June, 5, 2011) (“Plaintiff and [answering
24 defendant] would suffer prejudice if the Court does not enter default judgment. The dispute
25 concerns [d]efendants’ competing claims to interpleaded funds. Without entry of default
26 judgment, the competing stakeholders’ claims cannot be resolved.”).

1 The remaining factors also support entry of default judgment. In their answers and
2 claims, the sibling defendants assert their entitlement to the funds under the Plan's terms and
3 provide documentation to support their argument that the applicable plan is not governed by
4 ERISA. Neither here, due to her absence, nor in her previous communications with Standard
5 Insurance Company, did Ms. Asuncion ever provide a substantiated basis for her original
6 assertion that this claim is governed by ERISA's terms (and thus, that she is the proper
7 beneficiary). Because the primary purposes of an interpleader action are "(1) to protect the party
8 depositing the funds with the court from secondary, follow-up actions and (2) to protect the
9 resources of the interpleading party," *W. Reserve Life Assur. Co. of Ohio v. Canul*, Case No.
10 C11-1751, 2012 WL 844589 at *2 (E.D. Cal. March 12, 2012), granting default judgment here
11 based upon Standard's Complaint and Defendants' Answers will protect Standard from further
12 liability and provide a final resolution as to the appearing defendants' entitlement to the funds.

13 The Court notes that the sum of money here, now less than \$20,000, is not extremely
14 large, and neither favors nor disfavors an award of default judgment. *See Jennings*, 2011 WL
15 2609858 at *3 (finding that the fourth *Eitel* factor is neutral in an interpleader action). However,
16 by virtue of her absence, Ms. Asuncion has failed to provide the Court with any excuse for her
17 failure to answer or otherwise defend, and failed to point to any factual dispute that may turn the
18 case in her favor. Thus, these factors support the entry of default judgment. And finally, Ms.
19 Asuncion's absence precludes a full decision on the merits, which the Federal Rule of Civil
20 Procedure normally favor. Because Ms. Asuncion failed to take part in this action and has made
21 it impractical, if not impossible to reach a decision on the merits, she has forfeited her right to the
22 policy proceeds. The remaining funds shall instead be paid to the sibling defendants pursuant to
23 the Plan's provisions for payment in the absence of any named beneficiary.

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1 **III. CONCLUSION**

2 For the foregoing reasons, Defendants' motions for default judgment (Dkt. Nos. 32, 34,
3 35) are GRANTED. The Clerk is accordingly AUTHORIZED and DIRECTED to draw four
4 check(s) on the funds deposited in the registry of this Court in the principal amount of \$4,225.70
5 each plus all accrued interest, minus any statutory users fees, payable to Donna Marie Whitaker,
6 Calvin John Henderson, Martin Lee Henderson Oroshiba, and Thomas A. Henderson,
7 respectively, and mail or deliver the checks to those individuals. Pursuant to Local Rule 67,
8 Donna Marie Whitaker, Calvin John Henderson, Martin Lee Henderson Oroshiba, and Thomas
9 A. Henderson shall provide their mailing addresses, Social Security numbers, or Tax ID numbers
10 directly to the Clerk of Court.

11 The Clerk is further directed to CLOSE this case.

12 DATED this 21st day of August 2014.

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A handwritten signature in black ink, appearing to read "John C. Coughenour", is written over a horizontal line.

John C. Coughenour
UNITED STATES DISTRICT JUDGE